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IN THE

Supreme Court of the United States

OCTOBER TERM, 1977

No. 77-737

THE GOODYEAR TIRE & RUBBER COMPANY,
Petitioner,

v.

BIG O TIRE DEALERS, INC.,
Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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PRELIMINARY STATEMENT

The petition should not be considered as a series of abstract legal questions but in light of the fundamental requirement that the ends of justice be served. Petitioner received an eminently fair trial by jury. Its conduct was measured under the laws of unfair competition to the same degree, neither more nor less, as that which would be accorded any other business. It ran roughshod over Respondent in "wanton and reckless disregard of [Respondent's] rights" [G.P.C. 51a•], as the district court put it, and it was held accountable.

The questions now presented have all been argued previously before the jury, the district court or the appellate

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• "G.P.C." designates pages of the Goodyear Petition for Certiorari and Appendix; "J.A." designates the Joint Appendix.

court. In addition to having been uniformly rejected, the arguments embrace a number of legal technicalities which not only have no merit, but which do not meet the certiorari guidelines set forth in Supreme Court Rule 19. The case was decided under Colorado law, and there is no important federal question, no conflict between circuits, and no basis for exercising this Court's power of supervision.

Furthermore, in apparent desperation Petitioner has frequently distorted the record and ignored proven facts. Some of these instances are so extreme that the Court would be misled if they were not corrected. Accordingly, in Appendix A, Respondent has included representative examples, followed by record references indicating the correct facts. This pervasive lack of candor is, under Supreme Court Rule 23(4), reason to deny the petition without more.

Similarly, although Petitioner discussed jury instructions at some length [G.P.C. 18-21], it conveniently but quietly omitted a total of nine instructions which were appended to the district court opinion. The omission appears to be in clear violation of Supreme Court Rules 23(1)(a) and 23(1)(i). Copies of all court opinions in the case must be appended to a petition, not merely those portions of opinions which a petitioner deems most helpful. In Appendix B Respondent has included the omitted instructions in full.

STATEMENT OF THE CASE

For the foregoing reasons, Respondent does not subscribe to Petitioner's Statement of the Case. Instead, Respondent adopts the comprehensive district court *Findings* [G.P.C. 25a-82a] and the thorough *Opinion* of the appellate court [G.P.C. 1a-22a].

The case turns on the legal protection of Respondent's automobile tire trademark BIG FOOT, the type of property

Mr. Justice Holmes characterized as ". . . a delicate matter that may be of great value but that easily is destroyed, and therefore should be protected with corresponding care." *Bourjois and Co.* v. *Katzel*, 260 U.S. 689, 692 (1923).

Petitioner was held liable for malicious unfair competition in adopting and using the legally identical tire trademark BIGFOOT, which it knew was the property of a much smaller competitor. As a direct result of Petitioner's $9,690,029 BIGFOOT advertising campaign there followed, inevitably, extensive confusion of the public and massive injury to Respondent's business reputation and good will. As was aptly stated by the district court, ". . . it is clear that the plaintiff was injured." [G.P.C. 48a] Petitioner foresaw the "devastating impact" upon Respondent from the ". . . innuendo that Big O was trading off of Goodyear in violation of the law." [G.P.C. 43a] Yet, as observed by the district court, after Petitioner ". . . had complete information about Big O's use of BIG FOOT . . . Goodyear made a calculated and deliberate decision to go forward without regard for the consequences to Big O. That is not good faith." [G.P.C. 64a] In light of the overwhelming facts, the court concluded that Petitioner had clearly acted in "blatant disregard" of Respondent's rights. [G.P.C. 47a]

REASONS FOR DENIAL OF THE WRIT

The questions presented are answered by a close reading of the district court's *Findings* [G.P.C. 25a-82a] and the appellate court's Opinion [G.P.C. 1a-22a], together with a realization that many of the factual statements in the petition depart drastically from the record (see Appendix A). With this level of understanding of the case it becomes clear that the petition is little more than Petitioner's third all-encompassing motion for a new trial.

It is settled that where the district court and the appellate court—after carefully reviewing all of the evidence—have agreed that the facts support the result, there is no basis for a third review of the same facts by the Supreme Court. Furthermore, under the so-called "two-court rule", the Supreme Court does not review findings of fact by both lower courts in the absence of ". . . a very obvious and exceptional showing of error." *Graver Tank & Manufacturing Co.* v. *Linde Air Products Co.*, 336 U.S. 271, 275, *adhered to on rhg.*, 339 U.S. 605, *rhg. denied*, 340 U.S. 845 (1949). Moreover, there must be a strong case before the Supreme Court will entertain setting aside concurrent findings of two courts. *Goodyear Tire & Rubber Co.* v. *Ray-O-Vac Co.*, 321 U.S. 275 (1944). Neither is present here.

The petition is dominated by routine questions of evidence rulings, jury instructions, and burden of proof. There is a striking absence of the "special and important reasons" Supreme Court Rule 19 requires for granting the writ.

I. BUSINESS DISCUSSIONS

There were no "compromise negotiations" as that term is used in Rule 408 of the Federal Rules of Evidence. Petitioner's position is simply incredible, since Petitioner—in an effort to persuade the jury it was acting in good faith—itself introduced much of the very evidence it now claims should have been excluded. [E.g., J.A. 923a-25a, and 1225A-28A]

The evidence established that Big O owned a valuable property right, the trademark BIG FOOT for automobile tires. With no forewarning, Goodyear asked Big O for written permission to use the trademark for a year. Big O ultimately refused permission, but Goodyear appropriated

the trademark anyway. Big O requested that Goodyear stop using Big O's trademark. Goodyear refused, advising Big O that if Big O were to sue Goodyear ". . . it would be long enough getting through Court that Goodyear might have gotten all the use out of the name." [J.A. 1909a][1]

No prior authority has been found which draws a line between business discussions and "compromise negotiations." Yet it stands to reason that not all business discussions on subjects which may ultimately be litigated are "compromise negotiations" which should be excluded from evidence. Total exclusion of all such discussions, which Petitioner urges, is untenable. Neither the terms of the Rule nor the policy encouraging frank, open settlement negotiations requires it. Thus, a line must be drawn based upon the particular facts.

As the courts in this case have concluded, there is no reason why mere business communications should be broadly excluded from admission into evidence where they are otherwise material. Until they are "crystallized to the point of threatened litigation," as the appellate court put it [G.P.C. 15a], the policy favoring the settlement of disputes and the avoidance of litigation is simply not germane.[2]

Assuming, *arguendo*, that the business contacts were "compromise negotiations", the fourth sentence of Rule 408 [G.P.C. 84a] provides that exclusion is not required. Even

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[1] See *Findings* [G.P.C. 36a-40a]; *Opinion* [G.P.C. 14a-15a]; J.A. 227a, 300a, 310a-12a, 951a, 971a, 1067a-75a, 1130a-33a, 1875a.

[2] Contrary to Petitioner's footnoted [G.P.C. 16 n. 8] assertion of a conflict "in principle" with the Eighth Circuit, the instant case is in complete alignment. In *Burns* v. *City of Des Peres*, 534 F.2d 103 (8th Cir.), *cert. denied* 429 U.S. 861 (1976), the evidence was properly excluded since it had been submitted in "settlement" of a lawsuit.

negotiations are admissible "when the evidence is offered for another purpose . . ." (other than proving "liability . . . for the claim or its amount.") Here, the district court expressly recognized that the discussions "were relevant and material to show knowledge, willful infringement and misconduct by Goodyear [G.P.C. 60a]."

Both courts totally rejected the concept that the business contacts were compromise efforts, and no amount of repetition of terms like "settlement efforts," "willingness to compromise," and "during the course of compromise negotiations," which permeate the petition, can change the facts.

II. THE JURY INSTRUCTIONS AND THE VERDICT

Petitioner's second point [G.P.C. 18-21] is merely a disguised version of its previously rejected argument that Respondent's trademark BIG FOOT is not a trademark at all. The record on this point and the decisions of a jury and two courts overwhelmingly demonstrate the clear error of Petitioner's position. Substantial justice was done, and any inaccuracies in one or two jury instructions were, in the context of the entire case, harmless error.

The jury instructions which Petitioner has isolated for attack do not comprise "two alternative theories of liability," or indeed any theory of liability. Instead, the instructions were merely collateral to the liability theories of trademark infringement and trademark disparagement.

At trial Respon lent clearly sustained its burden of proving it had a valid common law trademark. The trademark BIG FOOT as applied to automobile tires is *inherently* distinctive. It was derived from the name of the Sasquatch Monster, and it had no descriptive significance whatever. [G.P.C. 6a] Under fundamental principles of trademark

law, there was thus no need for Respondent to have proved that its trademark had attained secondary meaning. *Blisscraft of Hollywood* v. *United Plastics Co.*, 294 F.2d 694 (2d Cir. 1961). Indeed, Petitioner itself has repeatedly recognized that BIG FOOT was a trademark for tires.

First, "In its pleadings, Goodyear took the position that it had an exclusive right to the use of BIG FOOT as a trademark for automobile tires. . . ." [G.P.C. 63a] Second, several weeks after the commencement of this litigation, Petitioner filed a sworn statement with the court stating that BIGFOOT was a trademark for tires [see J.A. 183a, and Def. Ex. 2441 at J.A. 2152a]. Third, in December, 1974 Petitioner filed its Responses to Requests for Admission and judicially admitted that "Big O's vehicle tires sold under the *trademark BIG FOOT* . . . and Goodyear's vehicle tires which are displayed for sale in association with the *trademark BIGFOOT* have been sold in the United States." [J.A. 107a and 198a] (emphasis added.) At that time, Petitioner also judicially admitted that "The trademark BIG FOOT when applied to vehicle tires is not merely descriptive of vehicle tires." [J.A. 107a and 198a][3]

Furthermore, in addition to the facts in this case, Petitioner has publicly acknowledged and sworn that BIG FOOT is a valid and distinctive trademark for automobile tires. [see Goodyear's U.S. Trademark Application No. 39,597; Def. Ex. 2441, J.A. 2148a-58a] Petitioner filed this sworn

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[3] Just two weeks after making this judicial admission, Petitioner moved to retract it [J.A. 199a-200a, and 211a]. Its motion was granted over Respondent's strenuous objections. [J.A. 204a-210a] Also, over a month *after trial*, Petitioner stated to the Court in its written Motion that the "evidence admitted . . . at trial . . . establishes . . . [Respondent's] trademark BIG FOOT [for tires] . . ." [J.A. 1589a-94a at 1591a]

affidavit [J.A. 2150A] *after* the commencement of this lawsuit. In view of Petitioner's unconscionable bad faith in this regard, it will be appreciated that the appellate court exercised considerable judicial restraint in its *Opinion* by merely stating:

> [G]oodyear presented no evidence that tire purchasers considered "Big Foot" to be descriptive of tires and evidence was presented that "Big Foot" evokes association with the Sasquatch Monster. Moreover, the fact that Goodyear filed an application after the commencement of this suit to register "Big Foot" as a trademark for tires in the United States Patent and Trademark Office weakens its position that "Big Foot" is a descriptive term. [G.P.C. 7a]

Petitioner relies primarily on *Sunkist Growers, Inc.* v. *Winckler & Smith Citrus Products Co.*, 370 U.S. 19 (1962). This case is inapposite, since it involved the question of whether three agricultural cooperatives which were exempt from the antitrust laws could be considered independent parties capable of conspiracy under the Sherman Act. Furthermore, Petitioner's afterthought attack on Respondent's trademark as descriptive was frivolous. It would be manifestly unjust for this Court to grant the writ where the inaccuracy of the secondary meaning jury instructions was occasioned by Petitioner's own afterthought contention. In addition, as the appellate court found, there was no prejudicial error in labeling descriptiveness as an affirmative defense [G.P.C. 9a], and the submission of the secondary meaning question to the jury was not fatal inasmuch as the substantial rights of the parties were not prejudiced [G.P.C. 7a].

III. STATUTORY PRESUMPTIONS AND THE "RIGHT TO INFRINGE"

Contrary to Petitioner's third contention [G.P.C. 21-24], Petitioner received the benefit of each and every statutory presumption the Trademark Act allows. Jury Instruction

No. 13 [G.P.C. 75a-76a] expressly states that, with respect to Petitioner's trademark registration for BIGFOOT for snowmobile track, there is a presumption of trademark validity and the exclusive right to use. The appellate court found the instruction "accurate," and termed Petitioner's assertions of error "picayunish at best." [G.P.C. 11a]

Despite this emphatic rejection, Petitioner persists by raising the same assertions before this Court. It also attempts to obfuscate by failing to mention that the statutory presumptions are limited to snowmobile track and do not extend to automobile tires. As expressly set forth in Sections 7(b) and 33(a) of the Trademark Act, the federal registration presumptions apply only to the goods or services specified in the registration certificate. [15 U.S.C. §§ 1057(b), 1115(a)]; *Avon Shoe Co., Inc.* v. *David Crystal, Inc.*, 279 F.2d 607, 613 n.7 (2d Cir. 1960). Petitioner does not now own, nor has it ever owned, a federal trademark registration for BIGFOOT for automobile tires, and any suggestion that its registration for snowmobile track covers tires as well is misleading, at best.

Petitioner's position on "extension" was best summarized by its counsel: "[O]ur registered trademark position on [snowmobile] track gives us the *right to infringe.*" [J.A. 432a] In other words, Petitioner maintains that, notwithstanding the proven lack of relationship between track and automobile tires, it had the unqualified legal right to appropriate Respondent's tire trademark and cause excessive public confusion and substantial injury to Respondent, with impunity. Such a position is abhorrent both to common sense as well as to trademark law. The trademark laws, designed to protect the public from this type of deception and to protect trademark owners from infringement, have never condoned this type of conduct. Quite to the contrary, a court possessing special trademark law expertise has expressly refuted such a claim:

> [A] trademark owner cannot by normal expansion of its business extend the use of its trademark to goods not covered by its previous registration, where the result would be likelihood of confusion caused by similarity of that mark to a mark already registered by a prior user for the same or similar goods.

Key Chemicals, Inc. v. *Kelite Chemicals Corp.*, 464 F.2d 1040, 1043 (C.C.P.A. 1972)

In applying this principle, there is no difference between a prior registered mark and a common law mark. Furthermore, the evidence clearly established that tires and track are not "related goods" (i.e., the use of identical trademarks on the respective goods is not likely to cause confusion among the consuming public). Petitioner's Executive Vice President testified in reference to snowmobile track:

> Q. Why does Goodyear separate Goodyear Tire Sales and Industrial Rubber Product Sales?
>
> A. I would say that because they are completely different in marketing and promotion and merchandising and advertising. [J.A. 1062a]
>
> • • •
>
> Q. Mr. Eaves, is it likely that the consuming public would be confused between Goodyear's BIGFOOT snowtrack for use in snowmobiles and Big O's BIG FOOT vehicle tires?
>
> A. I would say no. [J.A. 1063a]

The fact that the respective goods of the parties were not related was so obvious that the Petitioner did not even challenge the Respondent's use of the trademark BIG FOOT for tires based upon whatever rights Petitioner claimed to have with respect to the mark BIGFOOT for snowmobile tracks. In accordance with these proven facts, the Petitioner voluntarily entered into the following Stipulation on the record:

> Concurrent use by [Respondent] of the notations Big O BIG FOOT 60 and Big O BIG FOOT 70 tires, and by [Petitioner] of the notation Goodyear BIGFOOT (on snowmobile tracks) is *not likely to cause confusion* of purchasers as to the source of origin of these products of the respective parties. (emphasis added) [J.A. 1537a]

Petitioner's claim that the extension jury instructions are in conflict with the Second Circuit is misplaced. A leading Second Circuit case clearly establishes that there are no set, rigid guidelines for every extension case. *Polaroid Corp.* v. *Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961). Additionally, a close reading of the Second Circuit cases relied upon by Petitioner demonstrates that they are irrelevant.[4] Furthermore, the instructions are not in conflict with the decisions of other circuits. In none of the cases cited by Petitioner was "extension" permitted where (a) the respective goods were "completely different in marketing and promotion and merchandising and advertising," and (b) there was no likelihood of confusion when the same mark was used on the respective goods by different parties.

There has never been a "right to infringe" previously, and this is not the time to start.

IV. COMPENSATORY DAMAGES

There was nothing unusual or unfair about the damages assessment, and certainly no basis for this Court to exercise its general power of supervision. The result was an equita-

[4] For example, *Triumph Hosiery Mills* v. *Triumph International Corp.*, 308 F.2d 196 (2d Cir. 1962), is not an "extension" case since it involved the use of identical marks on the same goods.

ble, just and fundamental recognition, as the appellate court stated, that "The purpose of general compensatory damages is to make the plaintiff whole." [G.P.C. 19a]. Petitioner strenuously objects, contending that the application of the doctrine here is "absurd." [G.P.C. 25]

Petitioner continues to mischaracterize Respondent as an unimportant competitor [e.g., see G.P.C. 4; see also J.A. 197a and 1194a], to create the impression that the Respondent's trademark rights somehow deserve no protection. In doing so Petitioner disregards the applicable law of damages by repeated belittling of Respondent's "net worth." The essence of Petitioner's argument is that the compensatory damage award bears no mathematical relationship to the book value of the Respondent. Yet, the argument completely ignores the fact that damages are not the purchase price for the Respondent's trademark or goodwill. Respondent cannot be forced by the Petitioner to sell these valuable assets. The Fifth Amendment is diametrically opposed. Although Petitioner's proven conduct and its arguments belie this fact, Petitioner has not been granted the power of eminent domain over Respondent or its property rights!

Moreover, Petitioner cites no authority for the proposition that compensatory damages must be limited to the net worth of a business. Injury far beyond net worth is possible, even probable, in many situations.

It is the traditional, fundamental and salutory principle, deeply embedded in American jurisprudence, that compensatory damages are designed to restore the wronged party to the position he would have enjoyed had it not been for the wrongful conduct.[5] This is precisely the premise

[5] *Albemarle Paper Co.* v. *Moody*, 422 U.S. 405, 418-19 (1975), quoting from *Wicker* v. *Hoppock*, 6 Wall. 94, 99 (1867).

underlying the instructions to the jury. [See Jury Instruction No. 21 at G.P.C. 78a-80a] See also the district court's *Findings* [G.P.C. 46a, 48a-49a, and 52a-55a], and the appellate court's *Opinion* [G.P.C. 19a-20a]. Both lower courts expressly followed this Court's teaching that the ". . . most elementary conceptions of justice and public policy" are involved in a jury's assessment of compensatory damages. *Bigelow* v. *RKO Radio Pictures, Inc.*, 327 U.S. 251, 265 (1946). [See G.P.C. 49a and 19a]

In accordance with these basic principles, when a trademark is either infringed or disparaged, the gravamen of the harm is another's interference with the trademark owner's *exclusive* right to the "psychological function of [his] symbols."[6] Phrased another way, the trademark owner and his valuable goodwill are damaged when a competitor tampers with the minds of the consuming public in such a manner that likelihood of confusion results. The courts below applied these fundamental concepts to the unquestionable "devastating impact" [G.P.C. 43a] which Petitioner inflicted upon Respondent.

Corrective advertising expenditures as a measure of damages is in this case a singularly appropriate matching of the remedy to the wrong. Recognizing Petitioner's aggravated unfair competition, the two lower courts heeded this Court's teaching that "[T]he character of the conduct giving rise to the unfair competition is relevant to the remedy which should be afforded." *Champion Spark Plug Co.* v. *Sanders*, 331 U.S. 125, 130 (1947). Indeed, under the facts of this case it is difficult to imagine a more fitting remedy, one which stands out as an important example of the flexibility of the courts in dealing with new and unusual types of unfair competition.

[6] *Mishawaka Rubber & Woolen Mfg. Co.* v. *S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).

In its zeal to denigrate the Federal Trade Commission's corrective advertising policy, which the appellate court relied upon as a precedent [G.P.C. 21a], Petitioner has told several half truths based upon an incomplete summary of the law. [G.P.C. 24-28] As Petitioner is well aware,[7] in the landmark "Listerine" deceptive advertising case the Court of Appeals for the District of Columbia upheld the power of the Commission to require expenditure of $10,00,000 in corrective advertising on an involuntary basis. *Warner-Lambert Co.* v. *Federal Trade Commission,* 1977-2 Trade Cases ¶ 61,563, *rhg. denied* 1977-2 Trade Cases ¶ 61,646 (D.C. Cir. 1977). The Court of Appeals stated that ". . . we are not convinced that the corrective advertising remedy is really such an innovation. The label may be newly coined, but the concept is well established." In analyzing the public policy underlying corrective advertising, the court adopted the FTC rationale in full, a rationale which is fully applicable to the crushing type of trademark infringement which occurred here:

> [I]f a deceptive advertisement has played a substantial role in creating or reinforcing in the public's mind a false and material belief which lives on after the false advertising ceases, there is clear and continuing injury to competition and to the consuming public as consumers continue to make purchasing decisions based on the false belief. Since this injury cannot be averted by merely requiring respondent to cease disseminating the advertisement, we may appropriately order respondent to take affirmative action designed to terminate the otherwise continuing ill effects of the advertisement.

[7] That Petitioner omitted *Warner-Lambert* from the petition is remarkable. *Warner-Lambert* was decided August 2, 1977, and a copy of the Opinion was served on Petitioner's attorneys and filed with the appellate court on August 25, 1977 with "Plaintiff-Appellee's Supplemental Original Citation of Authority." Accordingly, Petitioner has known of *Warner-Lambert* all along but nevertheless implied to this Court that there were no FTC corrective advertising cases which did not involve consent decrees, and has flatly stated that the FTC "has never required a respondent to advertise involuntarily. . . ."

V. PUNITIVE DAMAGES

It is difficult to speculate how the claim that the punitive damage award under Colorado law was "unprecedented" [G.P.C. 3] rises to the level of certiorari importance. Although the district court was ". . . unaware of any case with comparable facts [G.P.C. 46a]," a novel situation in unfair competition law does not warrant Supreme Court review. Unfair competition law is highly adaptable, in recognition of the fact that acts of unfair competition are limited only by the imagination of unscrupulous businessmen. The law must continue to adapt to new abuses in the marketplace.[8]

The appellate court expressly disagreed with the Petitioner's argument that a finding of malice was not supported by the record. [G.P.C. 16a] Indeed, Petitioner itself at its highest management level was fully cognizant of the fact that the public would be confused by Petitioner's use of Respondent's trademark. Mr. Eaves, for example, recognized that confusion was "inevitable." [J.A. 954a, 1067a, 1073a, and 1075a] Furthermore, the district court observed the testimony of numerous actual confusion witnesses, the evidence of the resulting devastating impact upon the Respondent, and the fact that all of this damage was the result of the "calculated and deliberate" conduct of the Petitioner. [G.P.C. 64a] Reviewing the jury's verdict of punitive damages, the district court's *Findings* stated:

> The jury finding of punitive damages on that claim is supported if the evidence is sufficient to warrant

[8] [T]he tendency of the law, both legislative and common, has been in the direction of enforcing increasingly higher standards of fairness or commercial morality in trade. The tendency still persists. *Restatement of Torts,* 540, Introductory Note to Ch. 35 (1938).

a determination beyond a reasonable doubt that Goodyear acted with a wanton and reckless disregard of the rights of the plaintiff. The evidence is adequate for that finding. • • •

What Goodyear did was to determine that the plaintiff was an insignificant competitor and that Goodyear's investment of time, money and effort was too great to give up the use of the BIGFOOT material even though it would clearly damage and perhaps destroy the plaintiff's use of its trademark. *Goodyear then proceeded with an intentional and deliberate infringement of the plaintiff's trademark.* In short, Goodyear elected to ignore completely the property rights of Big O. It is difficult to characterize such conduct in any manner more favorable than as a wanton and reckless disregard of the plaintiff's rights. (emphasis added) [G.P.C. 50a-51a]

It is virtually impossible to imagine a clearer case for the assessment of punitive damages!

VI. "INSUFFICIENT NOTICE"

Petitioner, almost naively, claims "insufficient notice" [G.P.C. 10] of the charges and a resulting inability to defend itself. Petitioner did not seem as concerned at trial and indeed the appellate court, after reviewing the record, held that the issue of disparagement was tried by implied consent of the parties. [G.P.C. 16a] The facts in the record support the district court's *Findings* that:

> [Petitioner's] counsel were well aware of the factual and legal questions involved in the case. This procedure could not have prejudiced the defendant. As a result of the extensive pre-trial conferences and other hearings preliminary to the jury trial, the defendant was made fully aware of the evidence which the plaintiff intended to introduce and the operative facts which it intended to establish by that evidence. There is nothing to indicate that the conduct of this trial would have been different in any respect if this theory of relief had been fully described in the plaintiff's complaint. [G.P.C. 29a]

Actually, trademark disparagement is simply another form of unfair competition, and presumably Petitioner would not object as strenuously if the theory had been labeled merely "unfair competition." In any event, as the district court stated ". . . there is nothing which is really new or novel, conceptually, in the elements of this theory. The instructions are simply a synthesis of well established legal and equitable principles." [G.P.C. 51a]

Notwithstanding, Petitioner belatedly argues that there was a denial of due process. Respondent submits that there is no basis whatsoever for this contention. The Fifth Amendment to the Constitution requires that no person shall "be deprived of life, liberty or property without due process of law," and this Court has interpreted it to prevent a denial of "fundamental fairness, shocking to the universal sense of justice."[9] The Amendment assures that a party must have "had an opportunity to present its case and be heard in its support."[10] Here, Petitioner has had every opportunity to present its case before the jury, the district court, and the appellate court. It is now, finally, foreclosed from claiming a denial of due process of law.

CONCLUSION

It would be manifestly unjust to grant the petition for certiorari.

Respectfully submitted,

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[9] *Betts* v. *Brady*, 316 U.S. 455, 462 (1942).

[10] *Brinkerhoff-Faris Trust & Savings Co.* v. *Hill*, 281 U.S. 673, 681 (1930).

APPENDIX A

COMPARISONS BETWEEN PETITIONER'S STATEMENTS AND THE RECORD

1. PETITIONER'S STATEMENT: "Big O does not . . . handle tires, nor does it sell to the public." [G.P.C. 4]

THE RECORD: "[Respondent] was formed in 1962 and it engaged in the business of providing merchandising techniques, advertising concepts, operating systems and other aids to approximately 200 independent retail tire dealers in 14 states, who identified themselves to the public as Big O dealers. These stores sold replacement tires in the retail market using the Big O label on 'private brand' tires . . ." [district court *Findings* at G.P.C. 26a; also, see appellate court *Opinion* at G.P.C. 2a.]

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2. PETITIONER'S STATEMENT: "Big O's application to register 'Big Foot' as a trademark for tires was rejected by the Trademark Office because it conflicted with Goodyear's registration of 'Bigfoot' for snowmobile tracks." [G.P.C. 6]

THE RECORD: The final action taken by the United States Trademark Examiner in this matter was to pass Respondent's trademark application for BIG FOOT for tires (Federal Trademark Application No. 31,264 and 31,311) for publication. [See J.A. 438a] The same United States Trademark Examiner indicated, in Petitioner's application for registration of BIGFOOT for tires, that Respondent's application will be cited against this Petitioner's application for BIGFOOT for tires. [See Def. Exhibit 2441, J.A. 2156a; see also Respondent's Offer of Proof Regarding Testimony of Trademark Office Officials, J.A. 437-45a.] The district court ordered that the proceedings in the United States Patent and Trademark Office be excluded

from trial [J.A. 468-69a], but told the jury in Jury Instruction No. 13:

> "I will tell you now that there have been proceedings in the Patent Office involving BIG FOOT (BIGFOOT) for tires. Because I think it would confuse and complicate this trial and because there have been no final decisions in the Patent Office I have excluded from evidence all information about the patent office proceedings."

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3. PETITIONER'S STATEMENT: "Goodyear's management believed that Goodyear had the right to use 'Big Foot' on the basis of . . . legal advice. . . . [G.P.C. 6]

THE RECORD: "[Petitioner] argues that while it admittedly did have prior knowledge of [Respondent's] BIG FOOT tires, [Petitioner] had a reasonable and good faith belief that [Respondent] did not have an exclusive trademark. I cannot accept the view that doubt about the legal position of a prior user can be a standard for good faith. Even if that were the law the only factual basis for a reasonable doubt about [Respondent's] BIG FOOT is the prior use of BIGFOOT by [Petitioner] on snowmobile tracks. That was a slender reed. In my view, there was no reasonable belief that [Petitioner] would not be infringing [Respondent's] trademark. . . ." [district court *Findings,* G.P.C. 66a] At trial, Respondent made every effort to discover the "legal advice" upon which Petitioner's baseless assertions of good faith reliance rests. However, Petitioner continuously and successfully objected to the discovery and introduction of such evidence by invoking the attorney-client privilege. [see Trial Record, Vol. V at pages 108-109]

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4. PETITIONER'S STATEMENT: "[A] Goodyear executive (Mr. Green) called Big O's president, Norman

Affleck, . . . and asked for a meeting to try to compromise any conflict." [G.P.C. 6-7]

THE RECORD: "Mr. Green (Petitioner executive) asked Mr. Affleck to give [Petitioner] a letter indicating that [Respondent] had no objection to this use (by Petitioner) of BIGFOOT (for tires)." [G.P.C. 36a]

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5. PETITIONER'S STATEMENT: "Goodyear . . . filed an application to register 'Bigfoot' as a trademark for tires, which it withdrew in December of 1974. . . ." [G.P.C. 5]

THE RECORD: This action was commenced on November 27, 1974 (G.P.C. 5a), and Goodyear filed its trademark application for Bigfoot for tires [appellate court *Opinion,* G.P.C. 7a] on December 16, 1974 and did not withdraw it until after the preliminary injunction hearing on February 5, 1974. [See Exhibit 2441 at J.A. 2157a.]

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6. PETITIONER'S STATEMENT: In referring to Mr. Kelley's letter dated September 20, 1974, Petitioner quotes a portion of the letter and unequivocably implies that in the letter Petitioner ". . . expressed continued willingness to negotiate a compromise." [G.P.C. 7]

THE RECORD: Mr. Kelley's September 20, 1974 letter [see Exhibit 2,647, J.A. 1890-91a] clearly contains no statement or implication that Petitioner is willing to "compromise" anything, but rather states that Petitioner intends ". . . to continue to use BIGFOOT in this manner for as long as [Petitioner's] research indicates that it is a helpful advertising device." [Also, see district court *Findings,* G.P.C. 39a.]

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7. PETITIONER'S STATEMENT: "Over Goodyear's repeated and vigorous objections, this evidence of compro-

mise negotiations was admitted into evidence. . . ." [G.P.C. 8]

THE RECORD: All evidence relating to these communications between the parties came in during the preliminary injunction hearing without any objection from Petitioner. Some of these communications were introduced at that time by Petitioner. The Tenth Circuit observed, "Furthermore, the [district] Court ruled that evidence that Goodyear had offered to pay Big O money and the amount of money under consideration could not be introduced." [appellate court *Opinion,* G.P.C. 14a] The first mention of a monetary settlement was raised by counsel for Goodyear. [J.A. 923-25a] Finally, during direct examination by Petitioner's counsel, Petitioner's Executive Vice President, Mr. Eaves, freely testified and elaborated on his October 10, 1974 telephone conversation with Mr. Affleck. [J.A. 1226-28a]

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8. PETITIONER'S STATEMENT: It is simply incredible that Petitioner states to this Court that the district court " . . . refused to require proof of liability beyond a reasonable doubt as required by Colorado as a basis for punitive damages." [G.P.C. 11]

THE RECORD: Jury Instruction No. 21 [G.P.C. 81a] stated, ". . . if you also *find beyond a reasonable doubt* that the injury complained of was attended by circumstances of fraud, malice, or a wanton and reckless disregard of the rights and feelings of the plaintiff, then, in addition to any actual damages, you may also award the plaintiff a reasonable sum as exemplary damages." (emphasis added.) In its *Findings,* the district court stated that "The jury in this case was instructed in accordance with Colorado law. 1973 C.R.S. § 13-21-102. The approved instruction implementing that statute appears in Colorado Jury Instructions, 1975

Supplement, Instruction 5:3. It requires a finding beyond a reasonable doubt that the injury complained of was attended by circumstances of fraud, malice, or a wanton and reckless disregard of the rights and feelings of the plaintiff." [G.P.C. 50a]

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9. PETITIONER'S STATEMENT: Petitioner claimed that the jury instruction with respect to its federally registered trademark ". . . deprived [Petitioner] of the presumptions of validity and continuous use to which it was entitled under the Trademark Act. . . ." [G.P.C. 22-23]

THE RECORD: Jury Instruction No. 13 unequivocally states:

> "The legal effect of such registration is to create a presumption that the company owning the registration established a valid trademark for a product at the time of its first use with the product and that it has been and is in continuous use with that product. . . .
>
> So, from this exhibit it is presumed that Goodyear established BIGFOOT as a trademark for snowmobile track on October 22, 1973 and that it has continuously used this trademark for snowmobile tracks since that time and has the exclusive right to do so."
> [G.P.C. 75a-76a]

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10. PETITIONER'S STATEMENT: Petitioner states that the district court failed ". . . to instruct the jury that damages were to compensate for [Petitioner's] past acts and that any future misconduct could be enjoined by the Court." [G.P.C. 10]

THE RECORD: Jury Instruction No. 21 specifically told the jury:

> ". . . that any amount awarded as compensatory damages for any injury to the good will of [Respondent] must not exceed the amount of injury shown to have been caused to [Respondent's] good will *by the evidence before you in this case.* A jury may not determine damages by speculation or conjecture." (emphasis added)

The district court continued by stating that ". . . the Court can then issue orders directing [Petitioner's] future conduct." [G.P.C. 80a]

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11. PETITIONER'S STATEMENT: "[The jury] . . . decided that Goodyear had not been guilty (sic) of false designation of origin. (App. D, *infra,* p. 83a)" [G.P.C. 9]

THE RECORD: Every one of the district court's Jury Instructions were made a part of its *Findings* and, therefore, were formally included in 408 F.Supp. 1219. However, in violation of Supreme Court Rule 23, Petitioner excluded the "false designation of origin" and the "likelihood of confusion" jury instructions (Nos. 14 and 15). Since both trademark infringement and a false designation of origin claim *both* involve the common element of likelihood of confusion, the petition might naturally lead the Court to believe that the jury's verdict was internally inconsistent (i.e., liability for trademark infringement, but no liability for false designation of origin). However, the truth is that—at Petitioner's insistence—the district court made the false designation of origin claim instruction solely a "passing off" instruction. [see Appendix B, *infra,* 25, 26]

APPENDIX B

PORTIONS OF DISTRICT COURT OPINION OMITTED BY PETITIONER

UNFAIR COMPETITION

No. 1

In this case, the plaintiff, Big O Tire Dealers, Inc. seeks to recover money damages from the defendant, The Goodyear Tire and Rubber Company for what the plaintiff claims to be unfair competition in the use of the term BIGFOOT in connection with automobile tires. The applicable legal principles to be discussed in these instructions on the law of unfair competition have evolved from attempts to achieve three different policy objectives which are in conflict.

> First, there is the need to protect the public from being misled as to the nature and source of the products they buy.
>
> Second, there is a need to protect the property rights of a business to identify itself and its products to the public.
>
> Third, there is a need to try to achieve these goals without injury to the competition among products and businesses which is the vital element of a free market economic system.

It is this third goal of free competition which conflicts with the second and, to some extent, the first.

Because of these policy conflicts, cases of this type are to be decided largely on their specific facts and you, the jury, are the judges of the facts.

MERCHANT

No. 4

An owner of a trademark need not be the manufacturer of the goods with which the trademark is used. So a merchant may own a trademark to identify the products he sells even though such products are made by someone else.

EXCLUSIVE

No. 6

When a manufacturer or merchant has established a trademark right by use on or in connection with a product before anyone else, the right to use it becomes an exclusive right and the trademark is his property. No other person can use the same or similar words in any manner which would be likely to cause confusion.

SECTION 43(a)

No. 14

The plaintiff's claim for recovery on the theory of a false designation of origin is based on a section of a Federal statute known as the Lanham Act. Section 43(a) of that Act [15 U.S.C. §1125(a)] provides that any person who shall use a false designation of origin in connection with any goods or any container for goods shall be liable to any person who is or may be damaged by such false representation. That is what is commonly called "passing off".

To establish its claim against Goodyear on this theory of liability, the plaintiff must prove by a preponderance of the evidence each of the following elements:

> 1. That the plaintiff's use of BIG FOOT on or in connection with the Big O BIG FOOT 60 and Big O BIG FOOT 70 tires has established the term BIG FOOT as an indication of the source or origin of these tires.
>
> 2. That Goodyear's use of BIGFOOT in connection with automobile tires constituted a false representation with respect to the origin of the tires sold by Goodyear.
>
> 3. That there is a likelihood of confusion among ordinarily prudent purchasers as to whether Goodyear tires came from some other source.

LIKELIHOOD OF CONFUSION

No. 15

In determining whether there is or will be a likelihood of confusion caused by the use of BIGFOOT (BIG FOOT) by both plaintiff and defendant in connection with automobile tires you may draw on your common experience as citizens of the community. In addition to the general knowledge you have acquired throughout your lifetimes, you may also consider:

(1) The degree of similarity between the marks in question.

(2) The intent of Goodyear in adopting the mark, that is whether there was an intent to confuse.

(3) The manner and method in which Big O Tire Dealers, Inc. and Goodyear used BIG FOOT (BIGFOOT).

(4) The similarity between the products in question, plaintiff's tires and the tires made by defendant.

(5) The degree of care likely to be used by purchasers.

(6) Other factors about the product which would tend to reduce any tendency to confuse the purchaser as to the source or origin of the product.

In light of these considerations and your common experience, you must determine if ordinary consumers, neither overly careful nor overly careless, would be confused as to the origin of the tires, upon encountering the mark BIGFOOT as the respective parties have used it in connection with tires.

No one factor or consideration is conclusive, but each aspect should be weighed in light of the total evidence presented at the trial.

PUBLISH

No. 18

Words are published when they are communicated or circulated in any manner to any person other than the officers of the plaintiff. The publications involved here are those which Goodyear did or caused to be done in advertising its tire with the use of the term BIGFOOT. That includes television advertising.

MALICE

No. 19

To act with malice means to act with the intent to vex, injure or annoy.

PLAIN MEANING

No. 20

In determining whether the defendant's advertising campaign, using the word BIGFOOT, could reasonably be understood to cast doubt upon the plaintiff's right to the use of BIG FOOT as a trademark for its tires, you should consider the plain and natural meaning of the words used in the plain and popular sense in which the consuming public would understand them. You should also consider the words used in their complete context and not dwell upon isolated parts of phrases. Thus, you must interpret the words used in connection with and as a related part of the complete communication and give them such meaning as would naturally be given by persons of ordinary understanding and intelligence.

FORM OF VERDICT

No. 22

The form of verdict prepared for your use asks for your findings with respect to each of the three theories of liability which constitute the plaintiff's claims in this case. These claims should be considered separately.

You understand, of course, that your verdict must be unanimous; that is that all of you must be in agreement and until you have such complete agreement, you do not have a verdict.

When you have decided the issues on the claim of trademark infringement, write in the name of the party in whose favor you find. So, if you find that the plaintiff has proven this claim, write in the name Big O in the space provided. If you find this claim has not been proven, write in the name Goodyear.

Follow the same procedure for the other two claims of liability for false designation of origin and for trademark disparagement.

Now on the question of damages, while there are three distinct claims for liability, there can be only one recovery for damages. So even if you find liability on more than one claim, you will determine damages as a single issue.

I have instructed you as to three different types of damages and the verdict form calls for your separate consideration of each type. If you find that no special compensatory damages have been proven, write in the word none in the space provided for an amount. If you find an amount has been proven, then write in the number in the space provided. You will follow the same procedure for the other types of damages.